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MEMORANDUM FOR: Director of Personnel
FROM: Compensation Policy Branch
SUBJECT: Experimental Pay System for Panel D & Panel N

STAT 1. In 1985 the Deputy Director of Central Intelligence approved an Experimental Pay System (EPS) in the Office of Communications for the Telecommunications Officers. The experimental compensation and classification system was authorized for five years for the Telecommunications Officers occupation which was experiencing significant problems in recruiting and retention. In March 1986 the Electronic Technician occupation in the Office of Communications was included in the experiment which brought the total employee population in the banding experiment to approximately [redacted]. The Experimental Pay System (aka banding) experiment is now entering the third year of the initial five years and based on the information supplied by the Office of Communications appears to be meeting the goals established at the initiation of the experiment.

2. When the EPS was established a Memorandum of Understanding was developed between the Office of Communications (OC) and the Office of Personnel (OP) which defined the responsibilities of the OC and OP in conducting the experimental pay system. There have been several modifications to the initial experiment since the MOU was signed in October 1984 and policy clarifications have been made on a case by case basis rather than on a systemic basis. The initial Memorandum of Understanding (MOU) has not been formally modified since October 1984 although a modified MOU was prepared in early 1987 but was not approved due to other administrative priorities.

3. Although a Memorandum of Understanding was the appropriate mechanism by which to define the guidelines for administration of the experimental system, the system has now evolved to the point where an Office of Personnel Memorandum (OPM) on the administration of the experimental pay system is required. We will develop this document by incorporating the policy designations identified in the original MOU; providing clarifications to the procedures; and addressing those issues that still require policy coordination and development.

4. The primary issues that require clarification in the banding system include: the classification procedures and authorities; conversion guidelines and how exceptions are to be processed; definitions of OC and OP responsibilities for collecting data on the administration of the experiment; and other related administrative topics.

5. A draft Office of Personnel Memorandum outlining the administrative procedures for the Experimental Pay System is seen as the most efficient and effective means of resolving many of the administrative questions. The draft OPM will coordinated with the Office of Communications and we anticipate having an initial copy available for your review within ninety days. A memo to the Director of Communications notifying him of the intent to produce an Office of Personnel Memorandum to replace the original Memorandum of Understanding is attached for your signature.